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July 1, 2003

BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



COLLECTION

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%
CLASS I BUTTERFAT PRICE PER POUND

\$12.32 /CWT
\$1.18 /LB

EFFECTIVE AUGUST 1, 2003:

The minimum price to pay milk producers, under ARM 32.24.301, is \$12.32 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 11.8 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.18.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$10.34 /CWT

Average spray process dry milk solids

price per pound = \$0.84750
Multiplied by 8.2 x 8.2

\$6.94950

\$6.94950

Last quote of the month for Grade AA butter

minus a differential of \$.0895 = \$1.03550
Multiplied by 4.2 x 4.2

\$4.34910

+ \$4.34910

\$11.29860

LESS a make allowance of 8.5% (\$11.2986 X .085)

- \$0.96038

\$10.33822

Rounded to the nearest whole cent = \$10.34 /hundredweight.

CLASS II BUTTERFAT PRICE PER POUND**\$1.15 /LB**

Last quote of the month for Grade AA butter
 minus a differential of \$.0895 = \$1.03550 X .111) = \$0.11494
 Rounded to the nearest half cent = \$0.115

Butterfat value per pound
 for milk at 3.5% test: \$1.15

Hundredweight price of milk testing 3.5% = \$10.34
 LESS 3.5 pounds of butterfat at \$1.15 per pound - \$4.025
 Value of 96.5 pounds of skim = \$6.315

CLASS II VALUE OF
ONE POUND OF SKIM 6.315 / 96.5 pounds) = \$0.06544 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$8.82 /CWT**

3.5 pounds of butterfat \$0.93 per pound = \$3.255
 96.5 pounds of skim \$0.05768 per pound = \$5.566
 \$8.821 /CWT

CLASS III BUTTERFAT PRICE PER POUND**\$0.93 /LB**

Last quote of the month for Grade AA butter
 minus a difference of \$.0895 = \$1.03550
 LESS 10% - \$0.10355
 \$0.93195

Rounded to the nearest whole cent = \$0.93 per pound.

CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$5.76809 /CWT**

Avg. spray process dry milk solid price/lb: \$0.84750
 Multiplied by 8.2 8.2
 \$6.94950
 LESS 17% \$1.18142
 \$5.76809

Rounded to the nearest whole cent \$5.77 per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by: *Monte Nick*
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$12.32 FOR 3.5% MILK 96.5 LBS = \$8.190		CLASS II SKIM PRICE BASED ON \$10.34 FOR 3.5% MILK 96.5 LBS = \$6.315		CLASS III SKIM PRICE BASED ON \$8.82 FOR 3.5% MILK 96.5 LBS = \$5.566	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.08400	2.50	\$0.06477	2.50	\$0.05709
2.55	\$0.08404	2.55	\$0.06480	2.55	\$0.05712
2.60	\$0.08409	2.60	\$0.06484	2.60	\$0.05715
2.65	\$0.08413	2.65	\$0.06487	2.65	\$0.05718
2.70	\$0.08417	2.70	\$0.06490	2.70	\$0.05721
2.75	\$0.08422	2.75	\$0.06494	2.75	\$0.05724
2.80	\$0.08426	2.80	\$0.06497	2.80	\$0.05727
2.85	\$0.08430	2.85	\$0.06500	2.85	\$0.05729
2.90	\$0.08435	2.90	\$0.06504	2.90	\$0.05732
2.95	\$0.08439	2.95	\$0.06507	2.95	\$0.05735
3.00	\$0.08443	3.00	\$0.06510	3.00	\$0.05738
3.05	\$0.08448	3.05	\$0.06514	3.05	\$0.05741
3.10	\$0.08452	3.10	\$0.06517	3.10	\$0.05744
3.15	\$0.08456	3.15	\$0.06520	3.15	\$0.05747
3.20	\$0.08461	3.20	\$0.06524	3.20	\$0.05750
3.25	\$0.08465	3.25	\$0.06527	3.25	\$0.05753
3.30	\$0.08469	3.30	\$0.06531	3.30	\$0.05756
3.35	\$0.08474	3.35	\$0.06534	3.35	\$0.05759
3.40	\$0.08478	3.40	\$0.06537	3.40	\$0.05762
3.45	\$0.08483	3.45	\$0.06541	3.45	\$0.05765
3.50	\$0.08487	3.50	\$0.06544	3.50	\$0.05768
3.55	\$0.08491	3.55	\$0.06547	3.55	\$0.05771
3.60	\$0.08496	3.60	\$0.06551	3.60	\$0.05774
3.65	\$0.08500	3.65	\$0.06554	3.65	\$0.05777
3.70	\$0.08505	3.70	\$0.06558	3.70	\$0.05780
3.75	\$0.08509	3.75	\$0.06561	3.75	\$0.05783
3.80	\$0.08514	3.80	\$0.06564	3.80	\$0.05786
3.85	\$0.08518	3.85	\$0.06568	3.85	\$0.05789
3.90	\$0.08522	3.90	\$0.06571	3.90	\$0.05792
3.95	\$0.08527	3.95	\$0.06575	3.95	\$0.05795
4.00	\$0.08531	4.00	\$0.06578	4.00	\$0.05798
4.05	\$0.08536	4.05	\$0.06582	4.05	\$0.05801
4.10	\$0.08540	4.10	\$0.06585	4.10	\$0.05804
4.15	\$0.08545	4.15	\$0.06588	4.15	\$0.05807
4.20	\$0.08549	4.20	\$0.06592	4.20	\$0.05810
4.25	\$0.08554	4.25	\$0.06595	4.25	\$0.05813
4.30	\$0.08558	4.30	\$0.06599	4.30	\$0.05816
4.35	\$0.08562	4.35	\$0.06602	4.35	\$0.05819
4.40	\$0.08567	4.40	\$0.06606	4.40	\$0.05822
4.45	\$0.08571	4.45	\$0.06609	4.45	\$0.05825
4.50	\$0.08576	4.50	\$0.06613	4.50	\$0.05828

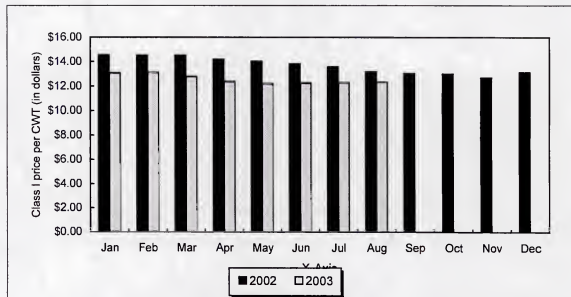
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2002 and 2003

Statistics from the Montana Milk Control Bureau

Month	2002	2003	Difference	% Change
January	\$14.53	\$13.07	(\$1.46)	-10.05%
February	\$14.51	\$13.11	(\$1.40)	-9.65%
March	\$14.50	\$12.78	(\$1.72)	-11.86%
April	\$14.17	\$12.36	(\$1.81)	-12.77%
May	\$14.02	\$12.19	(\$1.83)	-13.05%
June	\$13.81	\$12.26	(\$1.55)	-11.22%
July	\$13.58	\$12.29	(\$1.29)	-9.50%
August	\$13.17	\$12.32	(\$0.85)	-6.45%
September	\$13.03			
October	\$13.01			
November	\$12.70			
December	<u>\$13.15</u>			
Average	\$13.68	\$12.55	(\$1.49)	-10.57%

Prices are per hundredweight (CWT).

Completion of pooling (prior to audit) shows the producer quota blend prices to be:

MAY 2003: class I = \$6.97; class II = \$1.35; Class III = \$2.71; total = \$11.04

(calculations based upon utilization percentages of butterfat & skim)